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SIPDIS

SENSITIVE

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SUBJECT: FM SHALOM MEETING WITH CODEL DAVIS

SENSITIVE BUT UNCLASSIFIED. PLEASE TREAT ACCORDINGLY.

1. (SBU) SUMMARY: Foreign Minister Silvan Shalom briefed CODEL Davis August 31 on the Government of Israel's Disengagement Plan, and anticipated costs associated with moving military forces and with developing the Negev and the Galilee. Asked about post-Disengagement scenarios and PM Sharon's domestic political prospects, Shalom said that Israel is committed to moving forward with the Palestinians and needs to determine whether the Gaza model is working. Shalom said that Sharon stands a "good chance" of weathering the political storm within the Likud Party. End Summary.

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KATRINA, COUNTER-TERRORISM  
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2. (U) On August 31, CODEL Davis met with Israeli FM Silvan Shalom. Shalom expressed his full sympathy to the United States and to CODEL Davis in the wake of Hurricane Katrina. Shalom praised the U.S. lead in fighting terrorism, and said Al-Qaeda is determined to fight democracy, the rule of law and those who are close to the West or to Israel. "Terrorism is not just in Israel now," Shalom remarked, adding that the international community appears to be "more determined" in combating it.

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REGIONAL TRENDS, CONCERN ABOUT IRAN  
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3. (SBU) Shalom commented on positive regional trends, highlighting Palestinian elections, elections in Iraq, Egypt and Kuwait, and the Syrian withdrawal from Lebanon. On a negative note, Shalom assessed that Iran is "trying to buy time" and "is close to having the knowledge (required) to build a bomb." He said it would be a nightmare if Iran has a bomb, not just for Israel, but for others like the EU as well. "We need to be determined and tougher than now," Shalom continued, "and help the EU and the (U.S.) Administration take a real move or a decision to move the issue to the Security Council." He expressed interest in resuming a strategic dialogue on Iran.

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DISENGAGEMENT AND THE PA  
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4. (SBU) Shalom said that many Israelis did not support disengagement, and acknowledged that he had not supported the idea initially in the absence of negotiations with the Palestinians. Shalom maintained that Israel "is committed to move forward with the Palestinians. We need to determine if the Gaza model is working or not. Will Gaza be Switzerland or a place for launching rockets at Israeli towns?" If more terrorism occurs, Shalom said, it will be a very long time before a new Israeli prime minister is able to take any further steps. On the West Bank, Shalom described the situation as "totally different" from that of Gaza: "the Jewish people have more links to the West Bank than to Gaza." He compared Gaza to southern Lebanon as two places where "we do not have to be."

5. (U) Shalom insisted that President Abbas must make a strategic decision to dismantle terrorist groups. If Abbas seizes this opportunity, he will find a real partner (in Israel), according to Shalom, who argued that "no Authority can allow gangs (or) terrorist groups to hold and use weapons." Shalom reasoned that these groups "can hurt us, but they cannot undermine our existence. However, they can hurt or eliminate him (Abbas)." Shalom said the U.S. will always have a big role to play, and that it is important for Israel to be able show support from the U.S. after disengagement. He noted Israel's plan to move military bases from Gaza and to develop the Galilee and Negev, and mentioned Israel's request for two billion USD towards the cost of these plans, of which 1.3 billion would be for development.

6. (U) Chairman Tom Davis (R-VA) asked FM Shalom who will control Gaza after disengagement: the PA or Hamas or the Palestinian Islamic Jihad (PIJ)? Representative Al Wynn (D-MD) inquired about worst-case scenarios post-disengagement. Shalom responded that Israel intends to fully withdraw from Gaza and to continue working with the PA

on security and economic issues such as customs. In reply to the Chairman's specific question about Hamas and PIJ, said Israel will not "put decisions in the hands of (these) extremists" who want to undermine President Abbas by provoking Israeli retaliation. Shalom clarified that Israel does not want to reenter Gaza, but warned that Israel would respond to fire from Gaza.

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EGYPT AND LEBANON  
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17. (SBU) Egypt has a stake in preventing terrorism from "leaking" into Egypt from Gaza. Shalom praised Egypt's role in working with the Palestinians, and commented that bilateral relations are "much better." He nonetheless criticized Egyptian stances in international fora and Egypt's failure to encourage other Arabs to engage with Israel.

18. (SBU) In response to a question posed by Representative Darrell Issa (R-CA) about whether Palestinians in Lebanon might return to Gaza, Shalom recalled Israel's long-standing opposition to a "right of return" for Palestinians to Israel and remarked that "most of those (refugees) in Lebanon were not born in Palestine (or modern day Israel)." Shalom said a more important priority, from Israel's point of view, is for the PA to resettle those Palestinians currently living in refugee camps in Gaza, and to put an end to the symbol (of a "right of return" to Israel) that Gaza refugee camps represent. He did not elaborate explicitly where the Gazan refugees should be resettled or moved, but intimated that they would stay in the Gaza Strip.

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DOMESTIC ISRAELI POLITICS  
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19. (SBU) Shalom said that PM Sharon is under attack and "may pay a price." Shalom claimed Likud's membership has fallen from 330,000 to 154,000 since the last election, but he did not say he attributes this decrease to Sharon's policies. Representative Carolyn Maloney (D-NY) congratulated PM Sharon's achievement with disengagement, and inquired about Sharon's struggle within the Likud Party and his chances for political success in Israel. Citing his own political support for Sharon in recent campaigns, Shalom responded simply "Sharon has a good chance."

110. (U) CODEL Davis did not have an opportunity to clear this message before departing post.

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